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REPORT  
CD NO.

50X1-HUM

COUNTRY	China
SUBJECT	Economic - Industrial rehabilitation
HOW PUBLISHED	Daily newspaper
WHERE PUBLISHED	Peiping
DATE PUBLISHED	18 Apr 1950
LANGUAGE	Chinese

DATE OF INFORMATION 1950

DATE DIST. 15 Jun 1950

NO. OF PAGES 2

SUPPLEMENT TO REPORT NO.

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SOURCE Jen-min Jih-pao.

URGES DEVELOPMENT OF ECONOMY  
BEFORE ACCEPTING FOREIGN AID

Liu Ting, Deputy Minister of Heavy Industry, sees the recent purchasing conference, convened from 5 - 27 February 1950 in Peiping, as a fine thing for the country in a number of ways. "If we first do our best to build up our economy, and then accept foreign aid, the revival and expansion of our economy will be facilitated," he said.

His observations follow:

The total value of orders given during the conference amounted to 1.7 trillion yuan or the equivalent of 720,000 metric tons of millet. This is equal in value to  $3\frac{1}{2}$  times the imports of machinery and tools from abroad during 1946 and the equivalent of the living requirements of 3,200,000 peasants for one year.

The result of all this spending on domestic products will be to:

1. Restore the balance between production and consumption and stimulate the activity of many factories that have long been only partially active.
2. Mutual interchange of orders, and payment, by transfer of book accounts will obviate the need for a great deal of circulating currency.
3. Factories can follow their own specialty, raise the quality of their wares, and reduce costs.
4. Goods will be kept moving out of factories, permitting faster turnover of capital.
5. Accounting and advertising costs will be reduced.
6. Use of domestic products will be stimulated, with resultant advantage to the program of revival of our economy by our own efforts.

• 1 •

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7. Production will be assured, and prices stabilized. These benefits will gradually affect all phases of the national economic structure.

The conference explored productive capacity and estimated costs in industry with good results. However, the 2 months since the conference have revealed certain weaknesses.

1. Complete confidence in our ability to revive our economy by our own efforts is still lacking. Some persons still want to use imported products. The machinery exhibition recently held by the ministry revealed much progress in the domestic production of various types of machinery. The possibilities of the future must not be regarded from the same viewpoint as in the past.

2. Some people have considered this long-range program in the light of an everyday market transaction, and have lightly regarded their contractual obligations; either the buyer has been impatient if goods were not forthcoming immediately, or the manufacturer has taken advantage of slight difficulties to excuse delays in deliveries.

3. Lack of mutual confidence interferes with the long-range buying plan. We should raise the level of our mutual confidence.

4. Some people feel it unnecessary for the government to assume leadership in this program, believing that these matters can all be left to private initiative. This is a mistake. For various reasons private initiative cannot develop the volume of goods necessary to a balanced economic program that will take into account the economic needs of the whole country. Only under government sponsorship and leadership can this be done.

Economic leaders everywhere should encourage producers to produce the best-quality goods at the lowest possible prices and encourage all consumers to use domestic products to promote our own industrial development.

It is to be hoped that the habit of long-range ordering of goods will grow into a regular program, so that all producers can lay long-range production plans.

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- 2 -

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